

MAR 13 2013

SENATE RESOLUTION

REQUESTING THE PRESIDENT AND CONGRESS TO EXEMPT HAWAII, ALASKA, GUAM, AND PUERTO RICO FROM THE "JONES ACT" FOR THE HEALTH, SAFETY, AND SECURITY OF THEIR RESIDENTS.

1 WHEREAS, the closure of the Tesoro refinery in Hawaii
2 leaves one company to handle our state's fuel needs, sharpening
3 our state's vulnerability with respect to energy; and
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5 WHEREAS, the need for a "Jones Act" exemption was shown in
6 November 2012, when United States Secretary of Homeland Security
7 Janet Napolitano was compelled to issue a waiver to allow
8 foreign-flag tankers to carry petroleum products to remedy the
9 problem of severe fuel shortages in north eastern states; and
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11 WHEREAS, Hawaii's beef and pork industries are severely
12 restricted because there are no American-registered livestock
13 carriers, while the roughly one-hundred and sixty such carriers
14 in the world fleet are foreign-registered and unavailable to
15 Hawaii livestock farmers due to the "Jones Act"; and
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17 WHEREAS, those same beef and pork industries are also at an
18 economic disadvantage because the "Jones Act" results in
19 artificially higher costs of livestock feed; and
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21 WHEREAS, a June 17, 2010 article in Smart Business Hawaii
22 reported that shipping experts estimate "Jones Act" restrictions
23 raise shipping five-and-a-half times higher, or almost \$4,000
24 more, for a container to go from Los Angeles to Honolulu, than
25 the much longer distance from Los Angeles to Hong Kong; and
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27 WHEREAS, the article reported Hawaii carriers increased
28 their rates in response to reductions in oil prices and demand,
29 while international shippers dropped their rates; and
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31 WHEREAS, Jim O'Keefe, a bakery owner and the plaintiff in a
32 federal lawsuit filed in Hawaii in 2009, stated that his
33 research showed that Hawaii shipping rates were three times the
34 Hong Kong shipping rates for an equivalent distance, which he
35 contended doubled prices of goods bought from the mainland; and



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2 WHEREAS, the United States has protected its shipping
3 industry through cabotage laws, such as the Merchant Marine Act
4 of 1920, P.L. 66-261, commonly known as the "Jones Act"; and
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6 WHEREAS, then-Congressman Ed Case noted that ninety-seven
7 to ninety-eight per cent of our goods from the mainland come by
8 shipping, and lent his support in Congress for an exemption from
9 the "Jones Act" for Hawaii to reduce this vulnerability to even
10 minor disruptions in transportation; and
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12 WHEREAS, international maritime insurance data demonstrates
13 that ships over twenty years of age have an increased risk for
14 accidents, which means that imports to Hawaii, Alaska, Guam, and
15 Puerto Rico are at risk because these are served by "Jones Act"
16 ships with an average age of twenty-eight years, while
17 international fleets have an average age of twelve years; and
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19 WHEREAS, a January 4, 2013 Smart Business Hawaii article on
20 the United States Government Accountability Office's study on
21 the impact of the "Jones Act", noted that the flag, ownership,
22 and crew restrictions added about twenty per cent to ship
23 operating costs and the build requirement added three hundred to
24 five hundred per cent to deep draft ship construction costs; and
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26 WHEREAS, the "Jones Act" restricts the domestic carriage of
27 cargo to vessels that are built in the United States, fly a
28 United States flag, are owned by individuals or legal entities
29 in the United States, and employ United States citizens; and
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31 WHEREAS, unlike the unfair protectionism of the "Jones
32 Act", all other modes of domestic transportation, including
33 aircraft, railroad cars and locomotives, trucks, automobiles and
34 mass transit vehicles, are permitted without restriction to use
35 foreign manufactured equipment for commercial operation; and
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37 WHEREAS, the geography of the non-contiguous jurisdictions
38 precludes access to alternatives that are readily available
39 within the mainland United States, and makes them completely
40 dependent on ocean shipping for surface trade; and
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42 WHEREAS, these restrictions cause an immense, unfair burden
43 of higher costs and an elevated cost of living for Guam, Hawaii,
44 Alaska, and Puerto Rico, and severely threatens the health and



1 security of residents and visitors in the event of a disruption
2 in the delivery of fuel, food, or other vital goods; and
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4 WHEREAS, the late Senator Daniel K Inouye, noting the
5 failure of his "Project America" shipbuilding program and that
6 domestic shipyards could not successfully construct large cruise
7 ships, sponsored a "Jones Act" exemption in the 2003 Omnibus
8 Appropriations Act, granting three foreign-built cruise ships a
9 coastwise endorsement to operate in Hawaii (P.L. 108-7), known
10 as the Hawaii Cruise Trade Exemption; and
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12 WHEREAS, an exemption from the "Jones Act" would provide an
13 economic benefit to and protect the health and security of the
14 people of Hawaii, Alaska, Guam, and Puerto Rico; now, therefore,
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16 BE IT RESOLVED by the Senate of the Twenty-seventh
17 Legislature of the State of Hawaii, Regular Session of 2013,
18 that the President of the United States and the United States
19 Congress are respectfully requested to exempt Hawaii, Alaska,
20 Guam, and Puerto Rico, from the Jones Act; and
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22 BE IT FURTHER RESOLVED that certified copies of this
23 Resolution be transmitted to the President of the United States,
24 the Majority Leader of the United States Senate, the Speaker of
25 the United States House of Representatives, the Secretary of the
26 United States Department of Transportation, and Alaska, Hawaii,
27 Puerto Rico, and Guam's governors and congressional delegations.
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OFFERED BY: 

